

SHINE FOR KIDS CO-OPERATIVE LIMITED
ABN 60 662 072 775

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2017

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SHINE FOR KIDS CO-OPERATIVE LIMITED
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DIRECTORS' REPORT

The board of directors submit the financial report of the SHINE for Kids Co-operative Limited (the Co-operative) for the financial year ended 30 June 2017.

Directors

The names of the directors throughout the year and at the date of this report are:

Graham West (Chairperson)

Sue Woodward (Deputy Chairperson)

Jae Kang (Secretary)

Peter Ricketts (Treasurer)

Paul Freeman (resigned 16 November 2016)

Susan Helyar

Stanley Johnson

Stephanie Lai

Jodie Lydeker

Carol Vale (resigned 6 March 2017)

Helen Wiseman (resigned 29 November 2016)

Information on directors

Graham West

Qualifications Chairperson of the Board from 19 October 2016, Bachelor of Commerce (Mgmt), Master of International Studies (Merit)

Experience Director since 28 September 2010, resigned 29 January 2016, reappointed 24 August 2016

Sue Woodward

Qualifications Deputy Chairperson, BA Communications, MA Marketing, Graduate Member of the Australian Institute of Company Directors

Experience Director since 16 April 2013

Peter Ricketts

Qualifications Treasurer FAICD, FGIA, FCIS, CA, CFTP (Snr), MBA, Bachelor of Commerce

Experience Director since 19 October 2016

Jae Kang

Qualifications Secretary, BA/LLB/Diploma of Legal Practice

Experience Director since 18 June 2012

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Stephanie Lai

Qualifications

Former Treasurer, Bachelor of Business, Chartered Accountant, Graduate Member of the Australian Institute of Company Directors

Experience

Director since 19 June 2013

Jodie Lydeker

Qualifications

Bachelor of Laws, Bachelor of Business

Experience

Director since 11 November 2014

Stanley Johnson

Experience

Director since 15 February 2017

Susan Helyar

Qualifications

Bachelor of Social Work and Social Policy, Graduate of Australian Institute of Company Directors

Experience

Director since 17 May 2017

Helen Wiseman

Qualifications

Chairperson of the Board until 19 October 2016, BSc in European Studies, BSc in Psychology, Graduate Member of the Australian Institute of Company Directors, Chartered Accountant

Experience

Director since 17 November 2004, resigned 29 November 2016

Paul Freeman

Qualifications

Deputy Chairperson until 16 November 2016

Experience

Director since 15 November 2005, resigned 16 November 2016

Carol Vale

Qualifications

Bachelor of Arts, Masters of Indigenous Studies, Post Graduate Diploma in Public Sector Leadership

Experience

Director since 16 April 2013, resigned 6 March 2017

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During the financial year 11 meetings of directors were held. Attendances by each director were as follows:

| | Directors' meetings | |
|-----------------|----------------------------|-----------------|
| | Number eligible to attend | Number attended |
| Paul Freeman | 4 | 4 |
| Susan Helyar | 2 | 2 |
| Stanley Johnson | 5 | 3 |
| Jae Kang | 11 | 9 |
| Stephanie Lai | 11 | 10 |
| Jodie Lydeker | 11 | 9 |
| Peter Ricketts | 9 | 8 |
| Carol Vale | 6 | 1 |
| Graham West | 10 | 10 |
| Helen Wiseman | 5 | 3 |
| Sue Woodward | 11 | 10 |

Principal activities

The principal activities of the Co-operative during the financial year were to provide a range of tailored programs across NSW, Victoria, the ACT and QLD to support the unique needs of children with parents impacted by the criminal justice system.

Significant changes

No significant change in the nature of these activities occurred during the year.

Operating result

The net operating result for the year amounted to a surplus of \$2,324 (2016: Surplus of \$329,109).

Events subsequent to balance date

On 21 July 2017, Gloria Larman resigned as the Chief Executive Officer of Shine for Kids Co-operative Limited.

Likely developments

The Co-operative will continue its objective of providing a range of tailored programs across NSW, Victoria, ACT and QLD to support the unique needs of children with parents impacted by the criminal justice system.

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Tax concession

The Co-operative is endorsed as a Public Benevolent Institution and continues to receive Australian Taxation Office exemption from income tax. Gifts of \$2 and over are allowable income tax deductions for donors to the Co-operative.

Directors' benefit

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts, or the fixed salary of a full-time employee of the Co-operative by reason of a contract made by the Co-operative or a related corporation with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial financial interest).

Legal proceedings

No person has applied for leave of court to bring proceedings on behalf of the Co-operative, or intervene in any proceedings to which the Co-operative is a party, for the purpose of taking responsibility on behalf of the Co-operative for all, or any part of those proceedings.

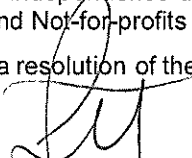
The Co-operative was not a party to any such proceedings during the year.

Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012 is set out on page 5.

Signed in accordance with a resolution of the board of directors.

Director:



Graham West

Director:



Peter Ricketts

Dated this 18th day of October 2017



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of SHINE for Co-operative Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Sarah Cain

Sarah Cain

Partner

Sydney

18 October 2017

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|--------------|----------------|
| Revenue | 2 | 2,782,730 | 3,117,964 |
| Cafe cost of sales | | (61,021) | (97,107) |
| Depreciation and amortisation expenses | | (24,593) | (32,692) |
| Employee benefits expenses | | (1,975,022) | (2,003,252) |
| Rental expenses | | (23,396) | (21,831) |
| Repairs and maintenance | | (89,416) | (93,048) |
| Staff training expenses | | (9,548) | (2,211) |
| Fundraising expenses | | (128,999) | (142,454) |
| Program expenses | | (23,692) | (33,960) |
| Travel expenses | | (45,301) | (58,107) |
| Consultancy expenses | | (152,191) | (53,832) |
| Other expenses | | (247,485) | (250,336) |
| Surplus before income tax | | 2,066 | 329,134 |
| Income tax expense | | - | - |
| Surplus for the year | | 2,066 | 329,134 |
| Other comprehensive (loss)/income: | | | |
| <i>Items that are or may be reclassified to profit or loss:</i> | | | |
| Net change in fair value of available for sale financial assets | | 258 | (25) |
| Other comprehensive (loss)/income for the year | | 258 | (25) |
| Total comprehensive income for the year | | 2,324 | 329,109 |
| Total comprehensive income attributable to members of the entity | | 2,324 | 329,109 |

The accompanying notes form part of these financial statements

SHINE FOR KIDS CO-OPERATIVE LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 1,282,680 | 1,172,301 |
| Trade and other receivables | 5 | 112,509 | 68,873 |
| Inventories | 6 | 2,292 | 5,815 |
| Financial assets | 7 | 1,315 | 1,057 |
| TOTAL CURRENT ASSETS | | <u>1,398,796</u> | <u>1,248,046</u> |
| NON-CURRENT ASSETS | | | |
| Motor vehicles, equipment and fixtures | 8 | <u>103,289</u> | <u>90,461</u> |
| TOTAL NON-CURRENT ASSETS | | <u>103,289</u> | <u>90,461</u> |
| TOTAL ASSETS | | <u>1,502,085</u> | <u>1,338,507</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 566,566 | 438,598 |
| Employee provisions | 10 | <u>232,354</u> | <u>214,488</u> |
| TOTAL CURRENT LIABILITIES | | <u>798,920</u> | <u>653,086</u> |
| NON-CURRENT LIABILITIES | | | |
| Employee provisions | 10 | <u>40,978</u> | <u>25,816</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>40,978</u> | <u>25,816</u> |
| TOTAL LIABILITIES | | <u>839,898</u> | <u>678,903</u> |
| NET ASSETS | | <u>662,187</u> | <u>659,605</u> |
| EQUITY | | | |
| Reserves | 11 | 970 | 712 |
| Retained earnings | 12 | <u>661,217</u> | <u>658,893</u> |
| TOTAL EQUITY | | <u>662,187</u> | <u>659,605</u> |

The accompanying notes form part of these financial statements

SHINE FOR KIDS CO-OPERATIVE LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

| | Retained earnings | Fair value reserve | Total |
|--|----------------------|-----------------------|----------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2015 | 329,759 | 737 | 330,496 |
| Total comprehensive income: | | | |
| Surplus for the year attributable to members | 329,134 | - | 329,134 |
| Other comprehensive loss | - | (25) | (25) |
| Total comprehensive income/(loss) | 329,134 | (25) | 329,109 |
| Balance at 30 June 2016 | 658,893 | 712 | 659,605 |
| | | | |
| Balance at 1 July 2016 | 658,893 | 712 | 659,605 |
| Total comprehensive income: | | | |
| Surplus for the year attributable to members | 2,324 | - | 2,324 |
| Other comprehensive income | - | 258 | 258 |
| Total comprehensive income | 2,324 | 258 | 2,582 |
| Balance at 30 June 2017 | 661,217 | 970 | 662,187 |

The accompanying notes form part of these financial statements

SHINE FOR KIDS CO-OPERATIVE LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

| | 2017 | 2016 |
|--|--------------------|--------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| <u>Receipts</u> | | |
| Donations | 295,193 | 298,237 |
| Grants - government and private | 2,389,036 | 2,904,856 |
| Interest received | 20,707 | 19,871 |
| Other | 116,906 | 159,957 |
| Total | 2,821,842 | 3,382,921 |
| <u>Less payments</u> | | |
| Cash paid to employees | (1,941,994) | (2,000,705) |
| Cash paid to suppliers | (732,048) | (1,256,144) |
| Total | (2,674,042) | (3,256,849) |
| Net cash from operating activities | 147,800 | 126,072 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment | (37,421) | (1,181) |
| Net cash used in investing activities | (37,421) | (1,181) |
| Net increase in cash | 110,379 | 124,891 |
| Cash and cash equivalents at 1 July | 1,172,301 | 1,047,410 |
| Cash and cash equivalents at 30 June | 1,282,680 | 1,172,301 |

The accompanying notes form part of these financial statements

SHINE FOR KIDS CO-OPERATIVE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. Statement of significant accounting policies

Reporting entity

SHINE for Kids Co-operative Limited (the Co-operative) is an individual not-for-profit entity incorporated in NSW under the Co-operatives Act 1992. These financial statements are individual financial statements of the Co-operative and are as at and for the year ended 30 June 2017.

Basis of accounting

(a) Statement of compliance

In the opinion of the directors, the Co-operative is not publicly accountable (as defined in AASB 1053) which requires not-for-profit private sector entities to prepare Tier 2 reporting. Public accountability under AASB 1053 is different from the notion of public accountability in the general sense and includes entities such as those with debt or equity securities traded in a public market). The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC).

(b) Basis of measurement

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Co-operative's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Co-operative.

**SHINE FOR KIDS CO-OPERATIVE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, by the Co-operative.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Income tax

The Co-operative is operated as a non-profit organisation with income and any surplus being applied solely toward the promotion of the objectives of the Co-operative.

The income of the Co-operative is exempt from Australian Income Tax under Subdivision 50-5 of the Income Tax Assessment Act 1997 item 1.1 charitable institution.

Motor vehicles, equipment and fixtures

Recognition and measurement

Each class of property, motor vehicles, equipment and fixtures is carried at fair value or cost less any accumulated depreciation and impairment losses, where applicable.

The carrying amounts of motor vehicles, equipment and fixtures are reviewed annually by the Co-operative to ensure the carrying amounts are not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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NOTES TO THE FINANCIAL STATEMENTS
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Depreciation

Motor vehicles, equipment and fixtures are depreciated on a straight line basis at rates calculated to allocate the cost less the estimated residual value over the estimated useful life of each asset.

The assets' carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An asset's carrying value is written down immediately to its recoverable value if the asset's carrying value is greater than its estimated recoverable amount.

Profit and loss on disposal are determined by comparing proceeds with the carrying amount. These amounts are included in the income statement.

The depreciation rates used for each class of depreciable assets are:

| Class of fixed asset | Depreciation rate |
|-----------------------------|--------------------------|
| Equipment and fixtures | 11.25% – 50% |
| Motor vehicles | 25% |

Impairment of assets

At each reporting date, the Co-operative reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount.

An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in income.

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NOTES TO THE FINANCIAL STATEMENTS
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Financial instruments

The Co-operative classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

The Co-operative classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Co-operative initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Co-operative derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Co-operative is recognised as a separate asset or liability.

The Co-operative derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Co-operative has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Co-operative classifies non-derivative financial assets into the following categories: loans and receivables, cash and cash equivalents and available-for-sale financial assets.

(ii) Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in Other Comprehensive Income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

Employee benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within twelve months have been measured at their nominal amount. Other employee benefits payable later than twelve months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Other long-term employee benefits

The Co-operative's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Co-operative's obligations.

(iii) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employee's services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Co-operative expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Provisions

Provisions are recognised when the Co-operative has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Revenue

(i) Interest income

Interest income is recognised as it accrues in profit or loss using the effective interest rate method.

(ii) Dividend income

Dividend income is recognised when the right to receive a dividend has been established.

(iii) Grant revenue

Certain funding comprises grants for ongoing funding and specific purposes. The Co-operative's programs are supported by grants received from the federal, state and local governments.

Non-reciprocal grant revenue is recognised in the profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, including the return of unspent funds, this is considered a reciprocal transaction and the grant revenue is initially recognised in the statement of financial position as a liability. The liability is then released to the statement of profit or loss and other comprehensive income as revenue on a systematic basis in the same periods in which expenses are recognised.

(iv) Donation income

Donations and bequests are recognised as revenue when received or, where special terms and conditions are attached to these, in accordance with those terms and conditions. Funds received in advance of obligations being met are deferred and taken to income as the related expenses are incurred and obligations are met.

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NOTES TO THE FINANCIAL STATEMENTS
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(v) In-kind donations

In-kind donations received by the Co-operative relates to goods provided by third parties and are measured, when provided, at their fair values during the financial year through profit or loss. In-kind donations are recognised when the Co-operative obtains control of the contribution, or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the entity and the amount of the contribution can be measured reliably.

Where services are donated to the Co-operative, no assessment of the value of those services is included in the financial statements as it has been determined that the fair value of these services received cannot be measured reliably.

(vi) Fundraising activities

Revenue from fundraising is recognised when received. A licence to fundraise is currently held for New South Wales. A summary of revenue and expenses associated with fundraising is disclosed on page 28.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Leases

Leases of property, plant and equipment, where substantially all the risk and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS
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Economic dependency

The organisation is largely dependent on the continued financial support of the Federal Government, State Governments, charitable trusts and foundations and private philanthropists in order to fund its operations. The organisation is also largely dependent on the continued provision of donated items, including access to office facilities and premises, supplier services provided on a pro bono or discounted basis and volunteer labour.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments (2014)

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2017. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(iii) AASB 16 Leases

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

(iv) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 establishes the principles for NFP entities that apply specifically to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives; and to volunteer services received.

AASB 1058 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 1058. No other new standards, amendments to standards and interpretations are expected to significantly affect the Company's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

| | 2017 | 2016 |
|--|-------------|-------------|
| | \$ | \$ |
| 2 Revenue and other income | | |
| Revenue | | |
| Revenue from government grants and other grants: | | |
| Federal government grants | 561,370 | 707,387 |
| State government grants | 1,255,244 | 937,967 |
| Other organisations | 572,422 | 995,424 |
| | 2,389,036 | 2,640,778 |
| Other revenue: | | |
| Cafe takings | 89,365 | 137,912 |
| Dividend income | 82 | 108 |
| Interest income | 20,707 | 19,871 |
| | 110,154 | 157,891 |
| Total revenue | 2,499,190 | 2,798,669 |
| Other income | | |
| Donations and fundraising | 256,082 | 298,237 |
| Other | 27,458 | 21,058 |
| Total other income | 283,540 | 319,295 |
| Total revenue and other income | 2,782,730 | 3,117,964 |

3 Profit for the year

Profit from continuing operations includes the following specific expenses:

Employee benefits

| | | |
|---|---------|---------|
| Contributions to defined contribution plans | 158,854 | 160,362 |
|---|---------|---------|

SHINE FOR KIDS CO-OPERATIVE LIMITED
ABN 60 662 072 775

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

| | 2017 | 2016 |
|---|-----------|-----------|
| | \$ | \$ |
| 4 Cash and cash equivalents | | |
| Reconciliation of cash | | |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows: | | |
| Cash at bank | 214,995 | 80,323 |
| ING Direct | 1,066,949 | 1,091,242 |
| Petty cash float | 736 | 736 |
| | 1,282,680 | 1,172,301 |
| 5 Trade and other receivables | | |
| Sundry debtors | 110,029 | 66,373 |
| Rental bond | 2,480 | 2,500 |
| | 112,509 | 68,873 |
| 6 Inventories | | |
| Cafe stock on hand – at cost | 2,292 | 5,815 |
| 7 Financial assets | | |
| Shares in public companies at fair value | 1,315 | 1,057 |

SHINE FOR KIDS CO-OPERATIVE LIMITED
ABN 60 662 072 775

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

| | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| <hr/> | | |
| 8 Motor vehicles, equipment and fixtures | | |
| <i>Reconciliation of carrying amount:</i> | | |
| Cost | | |
| At 1 July | 348,825 | 347,644 |
| Additions | 37,421 | 1,181 |
| Disposals | - | - |
| Balance at 30 June | 386,246 | 348,825 |
| Accumulated depreciation | | |
| At 1 July | (258,364) | (225,672) |
| Depreciation for the year | (24,593) | (32,692) |
| Disposals | - | - |
| Balance at 30 June | (282,957) | (258,364) |
| Carrying amounts at 30 June | 103,289 | 90,461 |
| 9 Trade and other payables | | |
| Creditors and accruals | 160,832 | 116,542 |
| Deferred income | 367,682 | 284,936 |
| Goods and services tax liability | 38,052 | 37,120 |
| | 566,566 | 438,598 |

SHINE FOR KIDS CO-OPERATIVE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

| | 2017 | 2016 |
|---|---------|---------|
| | \$ | \$ |
| <hr/> | | |
| 10 Employee provisions | | |
| Current | | |
| Provision for long service leave | 59,596 | 62,825 |
| Provision for annual leave | 172,758 | 151,663 |
| Current employee provisions | 232,354 | 214,488 |
| Non-current | | |
| Provision for long service leave | 40,978 | 25,816 |
| Non-current employee provisions | 40,978 | 25,816 |
| | | |
| 11 Reserves | | |
| Fair value reserve | | |
| Shares in public companies | 970 | 712 |
| | | |
| 12 Retained earnings | | |
| Retained surplus at the beginning of the financial year | 658,893 | 329,759 |
| Net surplus attributable to members of the Co-operative | 2,324 | 329,134 |
| Retained surplus at the end of the financial year | 661,217 | 658,893 |

13 Financial instruments

Financial risk management

The Co-operative's financial instruments consist primarily of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The Co-operative does not have any derivative instruments at 30 June 2017.

**SHINE FOR KIDS CO-OPERATIVE LIMITED
ABN 60 662 072 775**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance of counter parties of contractual obligations that could lead to financial loss.

The Co-operative does not have a material credit risk exposure as a major source of revenue is the receipt of Federal, State and Local Government Grants. The majority of these are in accordance with three year funding agreements.

Liquidity risk

Liquidity risk arises from the possibility that the Co-operative may encounter difficulty in paying its debts or meeting financial obligations. Liquidity risk is managed by the use of budgets, cash flows and regular reviews by the finance committee.

14 Related party transactions

(a) Key management personnel remuneration

All directors of the Co-operative act in the honorary capacity and therefore receive no compensation benefits.

Key management personnel compensation is set out below. In addition to their salaries, the Co-operative also contributes to post-employment defined contribution superannuation funds on their behalf.

| | Total |
|--------------------|--------------|
| | \$ |
| <hr/> | |
| 2016 | |
| Total remuneration | 153,284 |
| 2017 | |
| Total remuneration | 146,765 |

(b) Other related parties

| | 2017 | 2016 |
|--|-------------|-------------|
| | \$ | \$ |
| The following amounts were paid to Yaltech for IT services (hardware and software support). K Yalda, the principal of Yaltech, is the spouse of a member of key management. | 64,769 | 97,820 |
| The following amount was paid to Lachnic Pty Ltd for a consultancy review of SHINE for Kids organisational structure. This review was carried out by Graham West, director of the Co-operative, who is the owner of Lachnic Pty Ltd. Graham was not a board member at the time of this review. | - | 28,936 |

SHINE FOR KIDS CO-OPERATIVE LIMITED
ABN 60 662 072 775

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

15 Commitment to expenditure

The Co-operative has incurred the following contractual obligations. Amounts payable under the agreements are as follows:

| | 2017 | 2016 |
|----------------------------------|-------------|---------------|
| | \$ | \$ |
| Equipment rental | | |
| Payable not later than 12 months | - | 29,481 |
| | <u>-</u> | <u>29,481</u> |

16 Co-operative details

The registered office of the Co-operative is:

SHINE for Kids Co-operative Limited

128-130 O'Connell Street
North Parramatta NSW 2151

The principal place of business is:

128-130 O'Connell Street
North Parramatta NSW 2151

**SHINE FOR KIDS CO-OPERATIVE LIMITED
ABN 60 662 072 775**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

17 Funding

During the year, SHINE for Kids Co-operative Limited received funding from the following Federal and State Government Departments:

Corrective Services NSW

Department of Social Services

ACT Corrective Services

Department of the Prime Minister and Cabinet

Department of Juvenile Justice NSW

Department of Justice, Corrections Victoria

Department of Education and Communities NSW

Community Services, Department Family and Community Services NSW

18 Subsequent events

On 21 July 2017, Gloria Larman resigned as the Chief Executive Officer of Shine for Kids Co-operative Limited.

SHINE FOR KIDS CO-OPERATIVE LIMITED
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19 Summary of fundraising appeals conducted during the year

The Co-operative holds an authority to fundraise under the NSW Charitable Fundraising Act of 1991.

During the year, the Co-operative engaged in fundraising activities as defined by the NSW Charitable Fundraising Act. The total income from these activities amounted to \$596,547. Of this amount, \$256,082 was derived from fundraising appeals, gifts from individuals and businesses, and \$340,465 raised from trusts and foundations.

Fundraising conducted jointly with third party traders

| | 2017 | 2016 |
|---------------------------|---------------|---------------|
| | \$ | \$ |
| Revenue | 113,090 | 101,750 |
| Less payments to trader | 84,646 | 75,528 |
| Gross contribution | 28,444 | 26,222 |

Specific appeal comparisons

| | Gross income | Expenditure | 2017 Surplus | 2016 Surplus |
|-----------------------------|---------------------|--------------------|---------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Chocolate Drives | 41,141 | 18,298 | 22,843 | 25,680 |
| Mail Out – Christmas appeal | - | - | - | 7,972 |
| BBQ's | - | - | - | 1,073 |
| Charidy Event | 22,971 | 125 | 22,846 | - |
| Jose Carbo Event | 11,806 | 4,698 | 7,108 | 19,233 |

SHINE FOR KIDS CO-OPERATIVE LIMITED
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DIRECTORS' DECLARATION

In the opinion of the directors of SHINE for Kids Co-operative Limited (the Co-operative):

- (a) the Co-operative is not publicly accountable (as defined in AASB 1053);
- (b) the financial statements and notes that are set out on pages 6 to 26 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Co-operative's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they become due and payable.

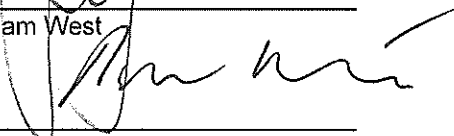
This statement is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:

Director:



Graham West

Director:



Peter Ricketts

Dated this 18th day of October 2017

SHINE FOR KIDS CO-OPERATIVE LIMITED
ABN 60 662 072 775

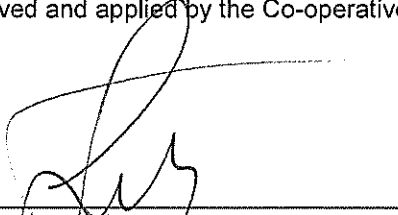
DECLARATION IN RESPECT OF FUNDRAISING APPEALS

Declaration of the board in respect of fundraising appeal pursuant to Authority Condition 7(4) of the Charitable Fundraising Act (NSW) 1991 and Regulations.

I, Graham West, and I, Peter Ricketts, directors of Shine For Kids Co-operative Limited ("the Co-operative") declare that in our opinion:

- (a) the statement of comprehensive income is drawn up so as to give a true and fair view of income and expenditure of Shine For Kids Co-operative Limited for the year ended 30 June 2017 with respect to fundraising appeals;
- (b) the statement of financial position and cash flow statement are drawn up so as to give a true and fair view of the state of affairs of the Co-operative and cash flows as at 30 June 2017 with respect to fundraising appeals;
- (c) the provisions of the Charitable Fundraising Act 1991 and the regulations under the Act and conditions attached to the authority holder have been complied with for the year ended 30 June 2017; and
- (d) the internal controls exercised by the Co-operative are appropriate and effective in accounting for all income received and applied by the Co-operative from any of the fundraising appeals.

Director:



Graham West

Director:



Peter Ricketts

Dated this 10th day of October 2017



Independent Auditor's Report

To the members of SHINE for Kids Co-operative Limited

Opinion

We have audited the **Financial Report**, of the SHINE for Kids Co-operative Limited (the Company).

In our opinion, the accompanying **Financial Report** of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2017, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2017.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration.
- v. Declaration by the board in respect of fundraising appeals of the Company.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in SHINE for Kids Co-operative Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991.
- iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iv. Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.



As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

Our responsibilities include:

- i. Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- ii. Designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- iii. Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- iv. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- v. Concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- vi. Evaluating the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.



Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- i. the Financial Report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 30 June 2017;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from [date to date], in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2016 to 30 June 2017 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

KPMG

KPMG

Sarah Cain

Sarah Cain

Partner

Sydney

18 October 2017